

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

LEON STAMBLER,

Plaintiff,

v.

MERRILL LYNCH & CO., INC., *et al.*,

Defendants.

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CIVIL ACTION NO. 2:08-CV-462-DF

NOTICE OF KESSLER DEFENSE

Pursuant to the Court's instruction, Defendants The Charles Schwab Corporation; Charles Schwab & Co., Inc.; Charles Schwab Bank; E*TRADE Financial Corporation; E*TRADE Bank; Fidelity Brokerage Services LLC; National Financial Services LLC; FMR LLC; PayPal, Inc.; and American Express Company (collectively, "Moving Defendants") and Defendants Amegy Bank National Association; American Bank of Commerce; BB&T Corporation; Branch Banking and Trust Company; Colonial Bank; The Colonial Bancgroup, Inc.; First National Bank; First National Bank Group, Inc.; HSBC Bank USA, National Association; HSBC National Bank USA; HSBC North America Holdings Inc.; HSBC USA Inc.; Jack Henry & Associates, Inc.; LegacyTexas Bank; LegacyTexas Group, Inc.; Metavante Corporation; Metavante Technologies, Inc.; Morgan Stanley; Morgan Stanley & Co. Incorporated; PNC Bank, Delaware; PNC Bank, National Association; The PNC Financial Services Group, Inc.; Prosperity Bancshares, Inc.; Prosperity Bank; Sterling Bancshares, Inc.; Sterling Bank; SunTrust Bank; SunTrust Banks, Inc.; Texas Capital Bancshares, Inc.; Texas Capital Bank, National Association; U.S. Bancorp; U.S. Bank National Association; Zions Bancorporation; and Zions First National Bank (collectively

“Joining Defendants”) hereby respectfully submit this Notice Of *Kessler* Defense and state as follows:

1. On September 12, 2008, Plaintiff filed a declaratory judgment action in this Court against VeriSign, captioned *Stambler v. VeriSign, Inc.*, No. 2:08-cv-00348-DF (the "Stambler DJ Action"). In the Stambler DJ Action, Plaintiff sought, among other things, a declaratory judgment that Plaintiff is not barred by the *Kessler* Doctrine from pursuing patent infringement claims against VeriSign's customers based on their use of technology that was found not to infringe in an earlier infringement lawsuit filed by Plaintiff against VeriSign in the United States District Court for the District of Delaware, Case No. 01-65-SLR (the "Delaware Action").

2. Subsequently, on December 4, 2008, Stambler filed this action against Moving Defendants and 36 other parties including Joining Defendants, alleging infringement of the same two Stambler patents at issue in the Stambler DJ Action and the Delaware Action, based on Defendants' use of the same technology that was found in the Delaware Action to be non-infringing. [Dkt. No. 1].

3. Moving Defendants answered the Complaint on February 17, 2009, denying infringement and pleading a number of defenses, including defenses that Plaintiff's infringement claims are barred, in whole or in part, by the *Kessler* Doctrine, res judicata, and collateral estoppel in light of the non-infringement judgment in the Delaware Action.

4. On February 18, 2009, because of the *Kessler* Doctrine issues common to both cases, Moving Defendants filed a motion to stay this case pending the outcome of the Stambler DJ Action. [Dkt. No. 180]. The Joining Defendants in this action joined in the motion on March 20, 2009. [Dkt. No. 219]. Plaintiff responded on April 20, 2009. [Dkt. No. 222]. Moving

Defendants filed their reply on May 27, 2009 [Dkt. No. 236], and Joining Defendants joined on May 29, 2009. [Dkt. No. 240].

5. Subsequently, Plaintiff and VeriSign entered into a settlement agreement in the Stambler DJ Action, and the Stambler DJ Action was dismissed without prejudice. [Dkt. No. 245]. All Defendants are currently evaluating this settlement agreement and reserve the right to challenge it as, among other things, an intentional interference with VeriSign's contractual indemnification obligations and/or a form of patent misuse.

6. On June 3, 2009, this Court held a scheduling conference and adopted the parties' proposed schedule for the case. The Court instructed the Defendants to notify the Court within 14 days as to the status of Defendants' motion to stay and Defendants' *Kessler* defense in view of the dismissal of the Stambler DJ Action. [Dkt. No. 244].

7. Because of the dismissal of the Stambler DJ Action, Moving Defendants hereby withdraw their motion to stay as moot, and Joining Defendants adopt the same.

8. All Defendants further state that their defense under the *Kessler* Doctrine is not impacted by the dismissal of the Stambler DJ Action or the settlement agreement between Stambler and VeriSign, and that all Defendants will be moving forward with their *Kessler* Doctrine defense, as well as all of their other defenses to Plaintiff's infringement claims, including but not limited to Defendants' collateral estoppel and res judicata defenses.

Dated: June 17, 2009

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on June 17, 2009. Any other counsel of record will be served by First Class U.S. mail on this same date.

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